

## SUMMARY ANALYSIS OF AMENDED BILL

Author: Monteith, et al Analyst: Kimberly Pantoja Bill Number: SB 1526

Related Bills: None Telephone: 845-4786 Amended Date: 5/4/98

Attorney: Doug Bramhall

Sponsor:

**SUBJECT:** PIT Standard Deduction/Increase Amount By 1½ For Tax Years Beginning On Or After January 1, 1998

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 10, 1998 STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

Under the Personal Income Tax Law (PITL), this bill would increase the amount of the standard deduction by 50% beginning in the 1998 tax year.

### SUMMARY OF AMENDMENT

The May 4, 1998, amendments reduced the proposed increase of the standard deduction from double to one and one-half.

With the exception of the revenue change, the department's prior analysis of the bill as introduced February 10, 1998, still applies.

DEPARTMENTS THAT MAY BE AFFECTED:

\_\_\_ STATE MANDATE

\_\_\_ GOVERNOR'S APPOINTMENT

Board Position:

\_\_\_ S      \_\_\_ O  
\_\_\_ SA    \_\_\_ OUA  
\_\_\_ N     ☒ NP  
\_\_\_ NA    \_\_\_ NAR  
\_\_\_\_\_ PENDING

Agency Secretary Position:

\_\_\_ S      \_\_\_ O  
\_\_\_ SA    \_\_\_ OUA  
\_\_\_ N     \_\_\_ NP  
\_\_\_ NA    \_\_\_ NAR  
DEFER TO \_\_\_\_\_

**GOVERNOR'S OFFICE USE**

Position Approved \_\_\_\_\_  
Position Disapproved \_\_\_\_\_  
Position Noted \_\_\_\_\_

Department/Legislative Director      Date  
**Johnnie Lou Rosas**      **5/14/98**

Agency Secretary      Date

By:      Date:

## FISCAL IMPACT

### Tax Revenue Estimate

Revenue losses (assuming enactment at the earliest mid-year 1998) are estimated to be:

Estimated Revenue Impact SB 1526		
For Taxable Years Beginning 1/1/98		
Enactment After 6/30/98		
(In Millions)		
1998	1999	2000
(\$455)	(\$465)	(\$495)
Revenue Impact by Fiscal Years		
(In Millions)		
1998-9	1999-0	2000-01
(\$660)	(\$480)	(\$505)

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this proposal.

### Tax Revenue Discussion

Revenue losses under the PITL would depend on the number of taxpayers who would have their tax reduced or eliminated by increasing the standard deduction.

The above estimates are based on the department's personal income tax model. These estimates allow for those itemizers who would be better off reporting the increased standard deduction. For 1998 it is projected that approximately 5.3 million filers would benefit from the increased standard deduction.